



# Defense Energy Support Center

**Fort Dix/McGuire Air Force Base  
Preproposal Conference  
Utilities Privatization  
20 Jul 2004**



# Agenda



- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Defense Energy Support Center POCs
- Question and Answer Period



# Purpose of the RFP



- **Sell System Infrastructure**
- **Acquire O&M Service Contract**
- **Will privatize if**
  - **Long-term benefit exceeds long-term cost**

## **Notes:**

- 1. Purchase of the Commodity is not Included in the RFP**
- 2. Selection of Contractor will be Based on Best-Value Determination**
- 3. Government Reserves the Right Not to Award the Contract**



# Systems in the RFP



## **Fort Dix, NJ**

- **Water Distribution System**
- **Wastewater Collection System**

## **McGuire AFB, NJ**

- **Wastewater**
  - **Combined with Fort Dix**
  - **Under same CLIN, separate sub-CLIN for accounting purposes.**



# Review Solicitation



## Section B - Supplies or Services and Prices/Costs

- **All or None (B.2)**

- Allowed but not required
- If all or none is offered
  - Must provide a separate price schedule (B-1 through B-4 as applicable) for each contract line item

- **Service Charges**

- Fixed Monthly Charge
- Monthly Credit as Payment for Purchase Price
- Monthly Credit as Payment for Delayed Response



# Review Solicitation



## **Section B - Supplies or Services and Prices/Costs**

### **• Type of Contract - 4 options**

- Tariff
- Firm Fixed Price
- Fixed Price with Economic Price Adjustment
- Fixed Price with Redetermination



# Type of Contract



## 1) Tariff Rate

- Regulated Utilities
  - May Propose Tariff Pricing Instead
  - Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)
  - Tariff Removes CAS Requirement



# Type of Contract



## 2) Firm Fixed Price

- Fixed monthly charge over the 50 year period

## 3) Fixed Price Economic Price Adjustment

- A price escalator is given by offeror
- Source location and website location, if applicable, must be provided.
- Must give adjustment methodology (whether adjusted annually or monthly)





# Type of Contract



## **4) Fixed Price Contract with Prospective Price Redetermination**

- Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract
- Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract
- Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter



# All or None Offers



- **Definition: Making the Award of One Utility System Contingent Upon the Award of Another**

- To Gain Economies of Scale, Offeror May Choose to Combine Multiple Utility Systems
- If a combined offer is submitted, separate Price Schedules (B.4.2, B.4.3 and B.4.4) are Still Required for Each Utility System
- In a combined Offer, If the privatization of any single system is not cost effective, the Entire Proposal will not be considered for award



# Review Solicitation



## **Section C - Description/Specifications/Work Statement**

- Contains general requirements applicable to all locations (C.3)
- Commodity may be included (C.2.1)
- Performance Standards (C.3.2) – required to adhere at a minimum, to specified industry standards



# Review Solicitation



## **Section C – Description/Specifications/Work Statement**

- **Response to Service Interruptions and Contingencies (C.7)**
  - Procedures and provisions for handling service interruptions in Service Interruption/Contingency Plan
- **Coordination of Work (C.9)(Installation Specific details in Section J)**
  - Types of Service Requests
    - Emergency Service Request Response Times



# Review Solicitation



## Section C - Description/Specifications/Statement of Work

- **Environmental Compliance (C.10)**
  - Comply with applicable environmental laws and regulations



# Technical Overview of the RFP



## Section C - Description/Specifications/Statement of Work

### • **Upgrades and Renewals and Replacements** (C.11)

- Initial Capital Upgrades identified in the Section J should be adhered to by the Offeror and submitted in Proposal
- Future Capital Upgrades Submitted Under Annual  
Capital Upgrades and Renewals and Replacements  
Plan (Years 1 - 5)
- Reimbursement of future upgrades (other than



# Review Solicitation



## **Section C - Description/Specifications/Statement of Work**

### **• Operations and Maintenance (C.12)(L.4.2)**

- Establish and adhere to a Quality Management Plan

to ensure safe and reliable operation of the system(s)

- Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section J)



# Review Solicitation



## Section C - Description/Specifications/Statement of Work

### • Operational Transition Plan (C.13)(L.4.4)

- Describes plan for transfer of the utility system
- Ensures continuous service from the Government to new owner
- Contractor proposes performance start date
- Includes detailed joint inventory of facilities, personal property, manuals and records





# Review Solicitation



## **Section E, F, G, and H - Solicitation Provisions/Clauses**

- **Section E - Inspection and Acceptance (Inspection of Svc Clause)**
- **Section F - Deliveries or Performance**
  - Utilities Service Contract Term – 50 years
- **Section G - Contract Administration Data**
  - Contracting Officer's Representative
  - Submission and Payment of Invoices
  - Accounting Procedures
    - The Contractor shall maintain a system of accounts acceptable to the Government as necessary



# Review Solicitation



## **Section E, F, G, and H - Solicitation Provisions/Clauses Con't**

- **Section H - Special Contract Provisions**
  - Insurance Requirements (H.2.2)
  - Hazardous Substances (H.7)
    - Contractor must comply w/all applicable laws and regulations.
- **Other Special Requirements**
  - Accounting for Capital Upgrades/Purchase Price



# Review Solicitation



## **Section I and J - Solicitation Provisions/Clauses/Attachments**

- **Section I - Contract Clauses Incorporated by Reference and in full text**

- Federal Acquisition Regulation (FAR)
- Defense FAR Supplement (DFARS)
- Clauses for regulated entities (I.4)
- Clauses for non-regulated entities (I.5)

- **Section J - Base-Specific Utility-Specific Attachments**

- Base Distribution System Description
- Specific Service Requirements
- Secondary Metering - existing and future



# Review Solicitation



## Section J and K - Solicitation Provisions/Clauses

- **Section J - (continued)**

- Submittals
- Service Area and Off Installation Sites
- Transition Requirements
- Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J)

- **Section K - Representations, Certifications & Other Statements of Offerors**

- Fill-ins must be completed and provided along with offer



# Review Solicitation



## **Section L - Instructions, Conditions, and Notices to Offerors**

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
  - Site Visits:
    - Following industry preproposal conferences
      - McGuire AFB immediately following conference
      - Fort Dix - this afternoon if time permits, otherwise tomorrow
  - Technical Library
- **Proposal Preparation Instructions (L.3)**



# Review Solicitation



## Section M – Evaluation Factors for Award

- **Evaluation Factors and Sub-Factors (M.3)**

- Factor 1: Technical Capability
  - Subfactor 1: Service Interruption/Contingency Plan
  - Subfactor 2: Operations and Maintenance Plan and Quality Management Plan
  - Subfactor 3: Capital Upgrades and Renewals and Replacements Plan
  - Subfactor 4: Operational Transition Plan
  - Subfactor 5: Financial Strength



# Review Solicitation



## Section M – Evaluation Factors for Award Con't

### • Evaluation Factors and Sub-Factors Con't (M.3)

- Factor 2: Past Performance
- Factor 3: Risk
  - Subfactor 1: Performance
  - Subfactor 2: Assurance of Long-term Price and Service Stability
  - Subfactor 3: Cost/Price Realism
- Factor 4: Socioeconomic Plan
- Factor 5: Price

• **Objective is to select the proposal that represents the Best Value**



# Review Solicitation



- **Order of Importance for Evaluating Factors and Sub-Factors (M.3.1)**
  - Technical Capability, Past Performance, and Risk are of approximately equal importance.
  - When combined, Technical Capability , Past Performance, Risk, and Socioeconomic Commitment are somewhat more important.





# Proposal Preparation Instructions



- **Proposal Organization/Page Limits**

Volume	Title	Max. Page Limit
I	Technical Proposal	200 (Per System)
II	Past Performance	50 (Total)
III	Contract Documentation	None
III	Price Proposal	None

- **All Volumes - Provide One Hardcopy**

- Provide 1 original, 1 copy and 2 CD ROMs with Technical, Past Performance, Contract Documentation & Price on each

**Note: For Hardcopy...Provide a Separate Binder for Each Volume for Each Utility System; For CD copy...Each Volume must be separate file.**



# Required Information/Submittals



- **Past Performance References - due when proposal is submitted**
- **Proposal - due 28 OCT 2004**
  - Technical
  - Past Performance Information
  - Contract Documentation
  - Price Proposal



# Required Information/Submittals



- **Contract Documentation**

- SF 33 – Fill-in and sign
- Section K (Representations and Certifications)
- Exceptions to Terms and Conditions
- Subcontracting Plan – large business only
- Socioeconomic Plan – all businesses



# The Four Volumes - Technical -



- Technical
  - Service Interruption/Contingency Plan
  - Quality Management Plan
  - Capital Upgrades & Renewals & Replacements Plan
  - Operational Transition Plan



# The Four Volumes - Technical -



- Service Interruptions/Contingency Plan
  - Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls
  - Common Proposal Shortfalls
    - Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times
    - Not Indicating if You will Comply with the Installation's Excavation Permit Process
    - Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations

**Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.**



# The Four Volumes - Technical -



## • Quality Management Plan

- Purpose: To Identify Your Performance Standards and O&M Policies & Procedures
- Common Proposal Shortfalls
  - Not Addressing Performance Standards for Each Line Item in Table L-1
  - Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1
  - Not Addressing the Metrics You Use to Monitor the Success of Your Procedures
  - Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however, one or the other must be submitted.



# The Four Volumes - Technical -



- Capital Upgrades & Renewals & Replacements Plan
  - Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish
  - Common Proposal Shortfalls
    - Not Providing an Initial 5-Year Plan
    - Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan
    - Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements

**Note: Regulated Utilities are not required to submit 50-year plan for R&R.**



# The Four Volumes - Technical -



- Operational Transition Plan
  - Purpose: To Show How You Will Provide a “Seamless” Transition from Gov’t to Contractor Operations
  - Common Proposal Shortfalls
    - Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory
    - Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur
    - Not Stating When the Requested New Meters will be Installed
    - Not Indicating When the Initial, Joint Meter Readings will take Place

**Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities**





# The Four Volumes

## - Price -



- Schedule B-1
  - Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.
  - Common Proposal Shortfalls
    - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

**Note: Schedule B-1 is for use by Regulated Utilities**



# The Four Volumes - Price -

## Schedule B-1



- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**
  - \$\_\_\_\_\_ Monthly Credit
  - \_\_\_\_\_ # months
  - \_\_\_\_\_ Interest Rate
- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes

## - Price -



- Schedule B-2, B-3, and B-4
  - Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price
  - Common Proposal Shortfalls
    - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.



# The Four Volumes

## - Price -



## Schedule B-2 Firm Fixed Price Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
  - Fixed Term (Months): \_\_\_\_\_
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
  - \$\_\_\_\_\_ Monthly Credit
  - \_\_\_\_\_ # months
  - \_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-2 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes

## - Price -



## Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**

- The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
- *INDEX FOR ESCALATION (Year 1 THROUGH Year N)*  
*Internet Location of Index* \_\_\_\_\_ *(KTR fill in)*  
*Adjustment Methodology (e.g. Annual or Monthly)* \_\_\_\_\_

- **Monthly Credit as Payment for Purchase Price(see B.6.2)**

\$ \_\_\_\_\_ Monthly Credit  
\_\_\_\_\_ # months  
\_\_\_\_\_ Interest Rate



# The Four Volumes - Price -



## Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes

## - Price -



### **Schedule B-4 Fixed-Price with Prospective Price Redetermination**

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
- **Monthly Credit as Payment for Purchase Price (see B.6.2)**

\$ \_\_\_\_\_ Monthly Credit

\_\_\_\_\_ # months

\_\_\_\_\_ Interest Rate





# The Four Volumes

## - Price -



### Schedule B-4 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



# The Four Volumes

## - Price -



- **Schedule 1 - Fixed Monthly Charge (B.7.2)**
  - **Purpose: To Indicate the Monthly Charge for O&M and R&R**
  - **Common Proposal Shortfalls (For Non-Regulated)**
    - Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)
    - Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge
    - Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule 2 to Derive Your Monthly Charge for R&R

**Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities**



# The Four Volumes

## - Price -



## Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

Component	Monthly Charge	Annual Charge
1. Operations and Maintenance (O&M)		
2. Renewals and Replacements (R&R)		
Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)		



# The Four Volumes

## - Price -



- **Schedule 2 - Renewals and Replacements (B.7.3)**
- **Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .**
- **Common Proposal Shortfalls**
  - Not Providing a Description of the R&R for Each of the Years of the Contract addressed above
  - Not Providing a Price for the R&R for Each of the Years of the Contract addressed above

**Note: Regulated utilities are not required to submit a Schedule 2**



# The Four Volumes - Price -



DEFENSE ENERGY SUPPORT CENTER

## Schedule 2 (B.7.3) R&R Schedule

**NOTE: Offerors shall list each project  
individually by year**

Year	Dollar Amount	Description of Renewal and Replacement
200X		
200X+1		
200X+2		
200X+50		



# The Four Volumes

## - Price -



- **Schedule 3 - Initial Capital Upgrade(s)/Connection Charge(s) (B.7.4)**
  - **Purpose: To Indicate Prices for Initial Capital Upgrades**
  - **Common Proposal Shortfalls**
    - The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.
    - Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish
    - Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete

**Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities**



# Defense Energy Support Center POCs



- **Contracting Officer**
  - **David Nemerow, (703) 767-9404,  
david.nemerow@dla.mil**
- **Contract Specialist**
  - **Douglas Smith, (703) 767-9409,  
douglas.g.smith@dla.mil**
- **Technical Lead**
  - **Kevin McCulla, (703) 767-8150  
kevin.mcculla@dla.mil**



# Question and Answer Period



- Submit detailed questions regarding solicitation electronically in writing via MS Word, text or email (no PDF).
- DESC will disseminate all responses to questions via RFP Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through the Contracting Officer or the Contract Specialist.





# Defense Energy Support Center Preproposal Conference



## Questions and Answers

**DESC Website:**

**[http://www.desc.dla.mil/DCM/DCMPage.asp?  
pageid=246](http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246)**